

# **FISCAL MEMORANDUM**

## **SB 3073 – HB 3810**

May 7, 2008

**SUMMARY OF AMENDMENT (018232):** Deletes the language of the original bill. Authorizes a municipality, with the approval of its governing body, to enter into negotiated contracts, including joint contracts, with other municipalities, banks, investment banks, or other similar financial institutions for the purpose of stabilizing the net expense of such municipality incurred in the purchase of gasoline and/or diesel fuel.

### **FISCAL IMPACT OF ORIGINAL BILL:**

Decrease State Revenue - \$21,694,000 – FY08-09  
\$43,389,000 – FY09-10

Decrease Local Revenue - \$1,045,000 – FY08-09  
\$2,089,000 – FY09-10

Other Fiscal Impact – In FY09-10, there will be approximately \$2,274,000 in forgone state sales tax revenue in addition to the recurring decrease. The extent of forgone revenue will increase in subsequent years due to the natural growth of taxable food sales.

### **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Decrease Local Expenditures – Exceeds \$25,000/Permissive**

Assumptions applied to amendment:

- Any contract entered into pursuant to this proposed authorization shall only be effective in regard to actual fuel purchased during the fiscal year beginning July 1, 2008.
- Total consumption of gasoline and diesel fuel remains constant. Therefore, no change to gasoline tax revenue or diesel tax revenue.
- Local government expenditures are expected to decrease as a result of economies-of-scale achieved as a result of such authorization to enter into contracts. Any such decrease is dependent upon multiple unknown factors such as fuel prices, negotiated fuel prices, the total volume of

fuel involved, and other terms of multiple contracts. As a result, determining a precise fiscal impact is extremely difficult. However, the permissive decrease to local government expenditures is reasonably estimated to exceed \$25,000 per year.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized initial "J".

James W. White, Executive Director

/rnc